



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

April 14, 2005

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TO: Louisa Ollague, Legislative Deputy, First Supervisorial District
Clinton Tatum, Senior Deputy, Second Supervisorial District
Brence Culp, Budget Deputy, Third Supervisorial District
Stacey Falcioni, Deputy, Fourth Supervisorial District
Angela Mazzie, Budget Deputy, Fifth Supervisorial District

FROM: Mark J. Saladino *for*
Treasurer and Tax Collector

SUBJECT: **AGENDA ITEM NO. 64 FOR APRIL 19, 2005 – RECOMMENDATION TO APPROVE AMENDMENT NUMBER THREE TO AGREEMENT NUMBER 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC., TO EXPAND THE CAPABILITIES OF THE REMITTANCE PROCESSING AND IMAGE ARCHIVE SYSTEM, TO EXTEND THE TERM OF THE AGREEMENT FOR AN ADDITIONAL SIX MONTHS, AND TO ENDORSE TRANSFER OF OWNERSHIP OF WAUSAU FINANCIAL SYSTEMS, INC. TO FRONTENAC COMPANY, INC.**

The Treasurer and Tax Collector (TTC) has filed the attached Board letter for the Board of Supervisors' meeting of April 19, 2005 recommending approval of Amendment Number Three to Agreement Number 72748 with Wausau Financial Systems, Inc., (WFS), which extends the term of the Agreement, including maintenance services, for six (6) months through December 6, 2005 and authorizes TTC to enhance the capabilities of the Remittance Processing and Image Archive (Optima 3 IMS) System. Additionally, Amendment Number Three recommends endorsement of the majority ownership transfer of Wausau Financial Systems, [Inc. to](#) the Frontenac Company, Inc., with no impact on contracted services.

Amendment Number Three to the Agreement will extend the term of the Agreement for six (6) months through December 5, 2005 and will allow TTC additional time to negotiate a renewal agreement with WFS for the provision of continuous maintenance, support and professional services for the System. Additionally, this Amendment authorizes TTC to make the necessary purchases for enhancement of the Remittance Processing and Image Archive components of the System. Acquisition of enhanced Remittance Processing hardware and software and associated services will (i) allow TTC to automate the processing of certified mail, including the opening, scanning and electronic capturing of images, full page documents and various envelope types and sizes, and (ii) allow for the consolidation of mail extraction and document imaging processes, thus increasing the number of payment transactions and interest earned per

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year for various accounts receivable applications, while also minimizing the number of temporary personnel required to assist TTC with mail handling during peak workload periods. Acquisition of enhanced Image Archive (Optima 3 IMS) hardware and software and associated services will expand the utilization of the Optima 3 IMS component of the System to store and manage a greater variety and volume of the Department's documents.

The maximum amount of Amendment Number Three is \$346,557 of which, \$222,830 is for enhanced hardware and software acquisition and implementation, and \$123,727 is for continuing hardware and software maintenance and support services. TTC has funds appropriated in its current budget to cover the maximum amount of the Amendment.

The County's Chief Information Officer concurs with TTC's recommendation (see attached analysis).

The enhanced hardware will be delivered, configured, and tested at the permanent site in the TTC's payment processing center. The enhanced software installation and implementation will take place during off-peak hours between critical processing jobs to mitigate any transition issues and to ensure that enhanced System testing causes minimal or no disruption to TTC's operations.

If you should have any questions, please contact Mr. Henry Román, Assistant Treasurer and Tax Collector, at (213) 974-0703.

MJS: WMH:dhh

Attachment

c: Henry Román



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MARK J. SALADINO

TREASURER AND TAX COLLECTOR

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April 19, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

RECOMMENDATION TO APPROVE AMENDMENT NUMBER THREE TO AGREEMENT NUMBER 72748 WITH WAUSAU FINANCIAL SYSTEMS, INC. TO EXPAND THE CAPABILITIES OF THE REMITTANCE PROCESSING AND IMAGE ARCHIVE SYSTEM, TO EXTEND THE TERM OF THE AGREEMENT FOR AN ADDITIONAL SIX MONTHS, AND TO ENDORSE TRANSFER OF OWNERSHIP OF WAUSAU FINANCIAL SYSTEMS, INC. TO FRONTENAC COMPANY, INC.

(3 VOTES)

**CIO RECOMMENDATION: (X) APPROVE () APPROVE WITH MODIFICATION
() DISAPPROVE**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign the attached Amendment Number Three to Agreement Number 72748 with Wausau Financial Systems, Inc. (WFS), which extends the term of the Agreement, including the maintenance services, for six (6) months through December 5, 2005 and authorizes the Treasurer and Tax Collector (TTC) to enhance the capabilities of the Remittance Processing and Image Archive (Optima 3 IMS) System, with an increase to the total maximum County obligation by \$346,557 over the extended term of the Agreement.
2. Endorse the majority ownership transfer of Wausau Financial Systems, Inc. to the Frontenac Company, Inc. with no impact on contracted services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 6, 2000, your Board approved an agreement with WFS (Agreement) for a Remittance Processing and Image Archive System (System). This System was implemented in August 2000 and currently processes over six (6) million payment transactions per year for various accounts receivable applications including property tax payments. The Remittance Processing component of the System provides an enhanced automated payment process, including daily bank deposits, while the Image Archive component of the System supports the imaging of the

payment transactions and provides a search engine to facilitate the archiving and research associated with the processed transactions.

On two subsequent occasions, the Board approved amendments to the original agreement with WFS, which (1) upgraded the Image Archive (currently Optima 3 IMS) component of the System, including the purchase of additional Optima 3 IMS user licenses to permit the projected expansion of the image management system, providing TTC with a more robust document imaging and management system to better meet TTC's needs; and (2) provided for a hardware and system software upgrade to the Remittance Processing component of the System to accommodate TTC's conversion to the latest supported version of the operating system software.

On February 2, 2005, WFS informed this Department that WFS had been acquired by Fronenac Company, Inc., a Chicago-based private equity investment firm, through a purchase transaction and that this purchase transaction reflected a change in ownership only. WFS will maintain its name, business direction and continue providing the same scope and level of contracted services to TTC for its Remittance Processing and Image Archive System.

The Agreement is due to expire on June 5, 2005. The Department has been satisfied with WFS' performance under the Agreement and the Remittance Processing and Image Archive System provided thereby. Based on WFS' performance under the Agreement, TTC would like to continue receiving maintenance from WFS beyond the expiration date of the Agreement and requires additional time to negotiate a new contract for such maintenance services.

Amendment Number Three to the Agreement will extend the term of the Agreement for six (6) months through December 5, 2005 to allow TTC additional time to negotiate a renewal agreement with WFS for the provision of continuous maintenance, support and professional services for the System. Additionally this Amendment authorizes TTC to make the necessary purchases for enhancement of the Remittance Processing and Image Archive components of the System. Acquisition of enhanced Remittance Processing hardware and software and associated services will (i) allow TTC to automate the processing of certified mail, including the opening, scanning and electronic capturing of images full page documents and various envelope types and sizes, and (ii) allow for the consolidation of the mail extraction and document imaging processes, thus increasing the number of payment transactions and interest earned per year for various accounts receivable applications, while also minimizing the number of temporary personnel required to assist TTC with mail handling during peak workload periods. Acquisition of enhanced Image Archive (Optima 3 IMS) hardware and software and associated services will expand the utilization of the Optima 3 IMS component of the System to store and manage a greater variety and volume of the Department's documents.

Implementation of Strategic Goals

The System hardware and software enhancement is in accordance with this Department's approved Business Automation Plan. Implementation of the enhancement will also meet the County's Strategic Plan Goals of Organizational Effectiveness and Service Excellence. The expanded capabilities of the Remittance Processing and Image Archive System will improve TTC's electronic document management, thereby contributing to the County's goal of a paperless environment and continuous collaboration among departments to provide seamless service delivery.

FISCAL IMPACT/FINANCING

The maximum amount of this Amendment Number Three is \$346,557, of which \$222,830 is for enhanced hardware and software acquisition and implementation and \$123,727 is for continuing hardware and software maintenance and support services. The Department has funds appropriated in its current budget to cover the maximum amount of the Amendment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County's Chief Information Officer concurs with the Department's recommendation (see attached analysis). The attached Amendment Number Three has been reviewed and approved as to form by County Counsel.

The latest County required contract provisions have been added under Amendment Number One to the Agreement.

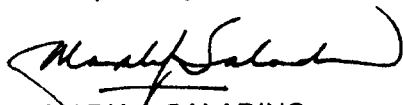
IMPACT ON CURRENT SERVICES

The enhanced hardware will be delivered, configured, and tested at the permanent site in the TTC's payment processing center. The enhanced software installation and implementation will take place during off-peak hours between critical processing jobs to mitigate any transition issues and to ensure that enhanced System testing causes minimal or no disruption to TTC's operations. Implementation of the System enhancement will improve TTC's payment processing functions in its endeavor to better serve the public.

CONCLUSION

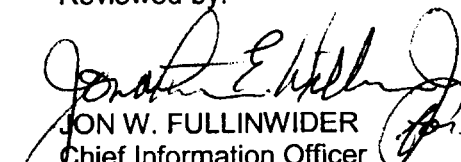
Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of Amendment Number Three to Agreement Number 72748 and one (1) adopted stamped Board letter to TTC.

Respectfully submitted,


MARK J. SALADINO
Treasurer and Tax Collector

MJS:WMH:
DHH:dhh

Reviewed by:


JON W. FULLINWIDER
Chief Information Officer

Attachments

c: Auditor-Controller
Chief Administrative Officer
Chief Information Officer
County Counsel